

**EXECUTIVE SUMMARY**  
**LAMBERTVILLE URBAN RENEWAL, LLC**  
**REDEVELOPMENT AGREEMENT AND FINANCIAL AGREEMENT**

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The Redevelopment Agreement (the “RDA”) and the Financial Agreement (the “FA,” and together with the RDA, the “Agreements”) between the City of Lambertville (the “City”) and LAMBERTVILLE URBAN RENEWAL, LLC, and affiliate of Kalian Management, LLC (the “Redeveloper”) are complete and the Governing Body is being asked to approve execution of the Agreements. Capitalized terms used herein shall be as defined the Agreements. The main business points of the Agreements are as follows:

**REDEVELOPER:** LAMBERTVILLE URBAN RENWAL, LLC with offices located at 2 Hennessey Boulevard, Atlantic Highlands, New Jersey 07716.

**PROPERTY:** Block 1003, Lot 3 (the “Property”), as shown on the City of Lambertville (the “City”) tax maps. The Property is located at 349 N. Main Street in the City.

**PROJECT PARTICULARS**

- The Project, as such term is defined in the RDA, consists of the proposed construction of a four (4) story residential building containing twenty-seven (27) residential units, five (5) of which shall be affordable housing units, as well as certain other on-site improvements, including forty-six (46) parking spaces.
- The RDA will require approval of the City by way of resolution of the Governing Body.
- Redeveloper will acquire the Property from the City for a purchase price of \$1,000,000.00.
- Redeveloper at its sole expense will install all necessary site preparation and all on-site infrastructure. Site work shall include any required remediation.
- Redeveloper will file periodic reports with the City as to the progress of construction.
- Redeveloper has established an escrow account with the City to cover the City’s costs in connection with the Project.
- Redeveloper shall have the right to terminate the Agreement if unreasonably denied government approvals for the Project.

**ESTIMATED TOTAL PROJECT COST**

The total project cost is estimated to be in excess of \$9,500,000.00, inclusive of the land acquisition costs.

Redeveloper will:

- be responsible for development, design and construction of the Project, including all costs associated therewith.
- pay the City for fees, expenses and costs incurred by the City related to the Project.

## **PROGRESS DATES**

- Redeveloper shall use commercially reasonable efforts to diligently prosecute to conclusion all Government Applications necessary for the financing, development, construction, operation, and maintenance of the Project.
- Within ninety (90) days of the Effective Date of the RDA, Redeveloper shall submit an application for preliminary and final site plan approval to the Planning Board, including any prerequisite Governmental Approvals required for such submission, as applicable, and shall use commercially reasonable efforts to obtain final and unappealable site plan approval (*i.e.*, the 45 day appeal period commencing upon publication of a notice of decision following adoption of the memorializing resolution shall have run) (“Site Plan Approval”).
- Within forty-five (45) days of receipt of Site Plan Approval, Redeveloper shall submit any additional applications for Governmental Approvals necessary for the Project.
- Redeveloper shall be required to close on the purchase of the Property within thirty (30) days of receipt of all necessary Governmental Approvals for the Project.
- Redeveloper shall apply to the City for building permits as soon as possible, but in no event more than six (6) months after receipt of all Governmental Approvals prerequisite to the issuance of building permits.
- Within ninety (90) days of receipt of building permits from the City, Redeveloper shall Commence Construction.
- In no event shall Commencement of Construction begin later than nine (9) months from receipt of all Governmental Approvals.
- Within three years (3) years of the receipt of all Governmental Approvals necessary for construction of the Project, Redeveloper shall Complete Construction.

## **COVENANTS AND RESTRICTIONS**

Redeveloper will:

- obtain approvals from all government entities having jurisdiction to prior to commencing construction.

- diligently undertake construction and development of the Project to completion.
- upon completion of the Project, obtain approvals from all government entities having jurisdiction over the occupancy and uses of the Project.
- not use the Project, or any part thereof, as collateral for an unrelated transaction.
- construct only the uses established in the Redevelopment Plan, as may be amended upon approval of the Governing Body.
- indemnify the City with respect to all claims relating to the Project.

#### **CERTIFICATES OF OCCUPANCY AND CERTIFICATES OF COMPLETION.**

- Upon completion of construction, the Redeveloper will apply to the City for a Certificate of Occupancy for the Project.
- After a written request by the Redeveloper, the City will provide the Redeveloper with a Certificate of Completion or a written statement setting forth in detail the reasons why it believes that Redeveloper has failed to complete the Project in accordance with the provisions of this Agreement or is otherwise in default under this or any other applicable agreement and what reasonable measures or acts will be necessary in the opinion of the City in order for the Redeveloper to be entitled to the Certificate of Completion.

#### **PROHIBITION AGAINST ASSIGNMENT AND TRANSFER**

Prior to completion of the Project as evidenced by the issuance of a Certificate of Completion (unless with the prior written approval of the City, which approval shall be within the sole discretion of the City), Redeveloper agrees that there will be no transfer of any equity interest in the Redeveloper.

The following would be exempt from the prohibition against transfers:

- (a) a mortgage or related security (including conditional assignments to mortgagees or Holders required as a condition to the closing of the financing so secured) granted by Redeveloper to a Holder or of a Project tenant to a leasehold mortgagee, provided further that the occurrence of an Event of Default as to Redeveloper hereunder constitutes an event of default under the loan documentation for such financing;
- (b) mortgages, leases, and other liens and encumbrances for the purpose of financing the costs associated with, or incurred in connection with the acquisition, development and construction of the Project;
- (c) the Declaration, provided that such Declaration shall otherwise be in compliance and consistent with the Redevelopment Plan and this Redevelopment Agreement;
- (d) utility and other development easements;
- (e) a residential lease to a tenant occupying the premises in the Project as a part of the intended use of the Project;
- (f) transfer to an Affiliate of the Redeveloper;
- (g) transfers of the direct or indirect ownership or control of Redeveloper among the existing owners, family members of the owners, and/or trusts established for

estate planning purposes; (h) transfers of any direct or indirect interest in Redeveloper to an entity owned or controlled by the existing owners or family members; (i) transfer of less than a direct or indirect controlling interest in Redeveloper; (j) environmental covenants and restrictions imposed by a regulatory agency; and (k) any contract or agreement with respect to any of the foregoing exceptions.

## **MORTGAGE FINANCING**

Except as to financing through recognized chartered banks and/or licensed insurance lenders, the Redeveloper will request authority from the City in writing (which will not be unreasonably withheld) in advance of any proposed financing secured by a mortgage, with respect to the Project, or any part thereof, and will promptly notify the City of any encumbrance or lien that has been created on or attached to the Project, by involuntary act of the Redeveloper or others, upon obtaining knowledge or notice of same.

## **EVENTS OF DEFAULT**

- Failure of Redeveloper or the City to observe and perform any covenant, condition, representation, warranty or agreement, and continuance of such failure for a period of thirty (30) days after receipt by the defaulting party of written notice from the non-defaulting party specifying the nature of such failure.
- Redeveloper materially defaults in or materially violates obligations with respect to design, development and construction of the Project in accordance with the RDA, the Redevelopment Plan, Governmental Approvals or Applicable Law, and any such default or violation is not cured within sixty (60) days after written demand.
- Redeveloper fails to substantially comply with the Project Schedule and such default is not cured within ninety (90) days after written notice.
- Redeveloper has failed to pay any real estate taxes, assessments, or payments in lieu of taxes on the Property or any part thereof.
- Redeveloper has applied for or consented to the appointment of a custodian, receiver, trustee or liquidator of all or a substantial part of its assets, has made a general assignment for the benefit of creditors or has filed a voluntary petition in bankruptcy.
- Redeveloper defaults in its obligations with respect to the design, development and construction of the Project including not completing the Project within the scheduled time.
- Redeveloper allows a prohibited transfer or assignment.

## **REMEDIES OF THE CITY**

Upon an Event of Default by Redeveloper, the City may terminate the RDA and/or take whatever action at law or in equity, as may appear necessary or desirable to enforce the performance or

observance of any rights under the RDA, including an action for specific performance. No claim for damages may be brought against Redeveloper.

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## **LONG TERM TAX EXEMPTION**

The primary purpose of the FA is to set forth the Annual Service Charge to be paid by the Redeveloper in lieu of conventional real estate taxes. The main terms of the FA are as follows:

- The Redeveloper will begin paying the Annual Service Charge, on the date of Substantial Completion of the Project.
- The profits of the Redeveloper will be limited to the greater of twelve (12%) percent or one and a half (1 1/2 %) percent above the annual interest rate paid on the entity's initial permanent mortgage financing.
- The FA will require approval of the City by way of ordinance based on an application filed by the Redeveloper for the tax exemption. Prior to that approval, the Redeveloper must be formed pursuant to state law and approved by the Commissioner of the Department of Community Affairs.
- The term of the FA will be the later of thirty-five (35) years from the date of execution or thirty (30) years from Substantial Completion of the Project.
- The Annual Service Charge shall be 10% of the annual gross revenue for the first ten (10) years of the FA, and 15% of the annual gross revenue for years 11 through 30 of the FA.
- An annual administrative fee of two percent (2%) of the Annual Service Charge shall be paid to the City.
- Five percent (5%) of the Annual Service Charge will be paid to the County of Hunterdon.
- The City would receive approximately \$4,532,457 over the 30-year term of the FA, which is approximately \$2,751,776 more than the City would receive through conventional taxation.
- While Redeveloper initially requested a term of twenty-five years for the FA, adding the additional five years, as permitted by statute, produces an additional net revenue to the City of approximately \$801,000.
- The Annual Service Charge will begin on the first day of the month following Substantial Completion of the Project. The Redeveloper has an obligation to make a good faith effort to apply for a Certificate of Occupancy leading to Substantial Completion in a timely fashion.

- A change in the ownership of the Redeveloper requires notice to the City. Sale of the Project to another urban renewal entity requires a written application to the City.
- The City reserves the right to proceed against the Property pursuant to the In Rem Tax Foreclosure Act for failure to pay the Annual Service Charge or for other Default under the FA.
- The FA will be recorded with the County of Hunterdon, and a copy will be provided to the County upon approval.

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### **PROPOSED LEASE OF PROPERTY AT 80 LAMBERT LANE**

Should the Governing Body approve the RDA and the FA, the Lambertville Police Department will be relocated to a portion of the property at 80 Lambert Lane, which portion consists of approximately 9,365 square feet of space. The City would lease this property from the owner, Lambertville Canal Properties, LLC (the “Lease”). The main terms of the Lease are as follows:

- The Lease will require approval of the City by way of ordinance.
- The initial term of the Lease will be five (5) years, with five consecutive one (1) year options to continue.
- For Years 1 through 3, the annual rent shall be \$84,285 (\$9.00/s.f.). for Year 4, the annual rent will be \$93,650.00 (\$10.00/s.f.). For Year 5, the annual rent will be \$103,015.00 (\$11.00/s.f.).
- The City shall pay all utilities, insurance and maintenance fees during the term of the Lease.
- Prior to commencement of the Lease, the property owner shall paint the premises and install new floors.
- The leased premises will become tax exempt upon commencement of the Lease.
- The property owner shall be responsible for maintenance and repair of the foundation, roof, exterior walls and other portions of the building structure during the term of the Lease.
- The City may terminate the Lease in the initial year if the sale of the existing Police Site does not close, and anytime thereafter on 180 days-notice to the property owner.